

Opening Statement of Congressman Jim Matheson
House Financial Services Committee
Full Committee Hearing on
Department of Housing and Urban Development
Oversight and Fiscal Year 2005 Budget Request

May 20, 2004

Mr. Chairman, Representative Frank, and members of the committee, I want to thank you for holding this hearing and providing an opportunity to hear from the new Secretary of the Department of Housing and Urban Development (HUD), the Honorable Alphonso Jackson. I appreciate Secretary Jackson's commitment to housing and his willingness to appear before this committee today.

In considering the federal budget, the programs under the HUD are some of the most critical to individuals throughout the country. Of all human needs, the need for adequate shelter is one of the most basic. Housing empowers individuals. It provides the needed safety and security for success in employment, family stability, and physical health. It is such a basic necessity -- making HUD's budget critical. It is not just about numbers; it is about homes. It is about my constituents having a place to live. There are several areas of the Fiscal Year 2005 (FY05) HUD Budget where I have some significant concerns. But, I would likely to quickly highlight three that are of significant concern to my constituents.

The first is related to the Section 8 program. HUD's budget request would provide \$16.909 billion in FY05 for the Section 8 Housing Voucher program. This is a modest net increase from the Fiscal Year 2004 appropriation of \$16.413 billion. However, this is not sufficient funding to maintain all of the current housing vouchers in use, in fact it is \$1.633 billion below the level HUD projects is needed to renew all Section 8 assistance.

In addition, the HUD budget request would change the distribution of funds for the Section 8 program from renewing existing vouchers to block granting the funds to local housing authorities. I am concerned that inadequate funding combined with a move away from the existing voucher system will leave too many individuals without housing options. Currently, throughout Utah, individuals spend years on waiting lists before Section 8 vouchers are available. By not providing enough funding to continue existing vouchers and not focusing on the total number of vouchers (and thus individuals) provided for, I am concerned that local housing authorities will not be able to continue providing even their current level of service, let alone address the significant population currently waiting for assistance.

If these proposals are implemented, housing authorities would either have to reduce the number of families being assisted or reduce the subsidy provided to each family - or more likely both of these. The majority of individuals served by the Section 8 program are elderly and / or disabled and have no other housing alternatives. I am concerned about the impact of these budget proposals on the lives of these people.

I also have some related concerns regarding the recent interpretation made by HUD in implementing the Fiscal Year 2004 appropriations bill. In April, HUD determined to no longer reimburse housing agencies for their actual costs and instead to calculate a housing agency's per

unit costs from the few months just prior to August 1, 2003 with an inflation factor. This movement away from continuing to reimburse for actual costs is concerning on two levels. First, it is a significant policy change that is being done against congressional intent and without congressional direction. Secondly, and perhaps more importantly, this change has already resulted in funding changes for several housing authorities and to a loss of vouchers for many individuals. I am most concerned about these trends.

Second, recent funding has been far short of what is necessary to maintain the nation's affordable housing stock. There are significant needs for maintenance and capital improvements throughout the country, and these demands are being exacerbated by rising energy costs that are straining the operating budgets of our local housing authorities. I am concerned about providing adequate resources to keep public housing in good repair. Affordable housing is limited throughout the country, making these units critical to many individuals.

Finally, I recently joined several of my colleagues from this committee in a housing hearing on the Navajo Reservation. I think that there are many Members of Congress and many Americans who would be horrified at the conditions that exist in the Navajo Nation. There are limited housing opportunities. There is little infrastructure, meaning that many homes lack plumbing or electricity, and dirt roads are common. There are few opportunities for economic development in this remote location. Given all of the challenges that face the Navajo people, I am particularly concerned about adequate housing opportunities for Native Americans.

Among the issues raised at this hearing were HUD programs for Native Americans. The FY 05 HUD budget request proposes to rescind funds from both the Section 184 single-family 100% loan guarantee program and the Native American Housing Assistance and Self-Determination Act Title VI loan guarantee program. While there were unobligated funds under Section 184 in Fiscal Year 2003, there is increased utilization of this program with more loans having been guaranteed already this year than in all of Fiscal Year 2003. I am concerned that a rescission of funds may leave this important program short of the necessary capital to respond to the immense housing needs. In addition, I am very wary of the proposal to eliminate the Rural Housing and Economic Development program that provides grants to tribes for capacity-building. Congress has consistently funded this important program because we recognize the unique needs of Native Americans. As a representative of several tribes, I can assure you that broader rural programs are not adequate to meet the unique needs of tribes. Additional, specifically targeted resources are desperately needed.

Again, I want to thank Secretary Jackson for his appearance here today, and I look forward to additional information regarding these and other issues raised by the FY 05 HUD Budget.